

OLYMPIA, WASHINGTON

July 18, 2006

The State Finance Committee met in a special meeting after notice duly given to the press and radio of Thurston County.

Present: Michael J. Murphy, State Treasurer
Christine O. Gregoire, Governor

Also Present: Allan J. Martin, Office of the State Treasurer
Bill Tonkin, Foster Pepper PLLC
Amy Arnis, Department of Transportation
Sue Melvin, Office of the State Treasurer
Pam Johnson, Office of the State Treasurer
Noah Crocker, Office of the State Treasurer
Nancy Notter, Office of the State Treasurer
Mike Colleran, Office of the State Treasurer
Tom Saelid, Office of Financial Management
Sue Penley, Office of the State Treasurer
Shelly McGuire, Office of the State Treasurer
Nancy Adams, Office of the State Treasurer
Dean Torkelson, Seattle-Northwest Securities
Darlene DeRose, Montague DeRose & Associates
Svein Braseth, Office of the State Treasurer
Andrew Scott, Office of the Attorney General

Chairman Murphy called the meeting to order.

Governor Gregoire moved the minutes for the May 23, 2006 meeting be approved. Chairman Murphy seconded the motion. The motion passed and the minutes were adopted.

Mr. Martin said proposed Resolution No. 1038 accepts a bid for the purchase of State of Washington Various Purpose General Obligation Bonds, Series 2007A in the aggregate principal amount of \$333,165,000; fixing the interest rates; in accordance with Resolution No. 1032. The Series 2007A Bonds are tax-exempt current interest bonds. The interest will be paid semi-annually on the outstanding principal. Together, the debt service payments of Series 2007A Bonds and the Series 2007T Bonds (collectively, the "Bonds") are structured to produce an approximate level debt service over the life of the Bonds. The electronic bid provider, i-Deal/Parity, received five bids at 8:00 a.m. Pacific Time. Mr. Martin said J.P. Morgan Securities Inc. submitted a true interest cost (TIC) of 4.7243821%; Morgan Stanley & Co. Inc. submitted a TIC of 4.7304766%; Lehman Brothers submitted a TIC of 4.7347100%; Merrill Lynch & Co submitted a TIC of 4.7351433; and Goldman, Sachs & Co. submitted a TIC of 4.7385808, with the apparent low bidder being J.P. Morgan Securities Inc.

Mr. Martin presented proposed Resolution 1038 to the committee.

Resolution 1038 awards the sale of \$333,165,000 State of Washington Various Purpose General Obligation Bonds, Series 2007A, authorized by Chapter 3, Laws of 2003, 1st Sp. Sess.; Chapter 18, Laws of 2003, 1st Sp. Sess.; Ch. 487, Laws of 2005; Chapter 167, Laws of 2006; and Chapter 39.42 RCW.

Governor Gregoire moved to adopt Resolution 1038. Chairman Murphy seconded the motion and the resolution was adopted.

Chairman Murphy said that the next item up for consideration is Resolution 1039 awarding the sale of State of Washington Motor Vehicle Fuel Tax Bonds. He noted that in nine bond offerings, for the first time there will not be a Tacoma Narrows Bridge series. Thus far, State Finance Committee (SFC) has had eight different bond sales for the Tacoma Narrows Bridge totaling \$653 Million. He stated that reports received from the Department of Transportation indicated that everything is going along fine. He also noted that the SFC will probably have a clean-up bond deal next January or so, once the actual numbers are known.

Mr. Martin said proposed Resolution No. 1039 accepts a bid for the purchase of State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2007B in the aggregate principal amount of \$176,060,000; fixing the interest rates; in accordance with Resolution No. 1033. The Series 2007B Bonds are tax-exempt current interest bonds. The interest will be paid semi-annually on the outstanding principal. The Series 2007B Bonds are structured to produce an approximate level debt service over the life of the Bonds. The electronic bid provider, i-Deal/Parity, received three bids at 8:00 a.m. Pacific Time. Mr. Martin said J.P. Morgan Securities Inc. submitted a TIC of 4.6926874%; Merrill Lynch & Co. submitted a TIC of 4.7118570%; and Lehman Brothers submitted a TIC of 4.7131479%, with the apparent low bidder being J.P. Morgan Securities, Inc.

Mr. Martin presented proposed Resolution 1039 to the committee.

Resolution 1039 awards the sale of \$176,060,000 State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2007B, authorized by Ch. 440, Laws of 1993, as amended (RCW 47.26.500); Chapter 321, Laws of 1998 (Referendum 49) (RCW 47.10.843); Chapter 147, Laws of 2003 (RCW 47.10.861); and Chapter 39.42 RCW.

Governor Gregoire moved to adopt Resolution 1039. Chairman Murphy seconded the motion and the resolution was adopted.

Mr. Martin said proposed Resolution No. 1040 accepts a bid for the purchase of State of Washington General Obligation Bonds, Series 2007T (Taxable) in the aggregate principal amount of \$71,900,000; fixing the interest rates for the bonds; in accordance with Resolution No. 1034. The Series 2007T Bonds are taxable current interest bonds. The interest will be paid semi-annually on the outstanding principal. Together, the debt service payments of Series 2007T Bonds and the Series 2007A Bonds (collectively, the "Bonds") are structured to produce an approximate level debt service over the life of the Bonds. The electronic bid provider, i-Deal/Parity, received 15 bids at 8:00 a.m. Pacific Time. Mr. Martin said UBS Securities LLC Inc. submitted a TIC of 5.6188476%; Morgan Keegan & Company, Inc. submitted a TIC of 5.6357047%; Piper Jaffray submitted a TIC of 5.6521439%; Raymond James & Associates, Inc.

submitted a TIC of 5.6561221%; Bear, Stearns & Co., Inc. submitted a TIC of 5.6567482%; Banc of America Securities LLC submitted a TIC of 5.6623874%; RBC Capital Markets submitted a TIC of 5.6629393%; BB&T Capital Markets submitted a TIC of 5.6630319%; Lehman Brothers submitted a TIC of 5.6642881%; Griffin, Kubik, Stephens & Thompson, Inc. submitted a TIC of 5.6707078%; Citigroup Global Markets Inc. submitted a TIC of 5.6769614%; Merrill Lynch & Co. submitted a TIC of 5.6779328; Morgan Stanley & Co Inc. submitted a TIC of 5.6805017%; Stifel Nicolaus & Company, Incorporated submitted a TIC of 5.6966878%; and First Albany Capital Inc. submitted a TIC of 5.7112710%, with the apparent low bidder being UBS Securities LLC.

Mr. Martin presented proposed Resolution 1040 to the committee.

Resolution 1040 awards the sale of \$71,900,000 State of Washington General Obligation Bonds, Series 2007T (Taxable), authorized by Chapter 487, Laws of 2005; and Chapter 39.42 RCW.

Governor Gregoire moved to adopt Resolution 1040. Treasurer Murphy seconded the motion and the resolution was adopted.

There being nothing further to come before the committee, the State Finance Committee meeting was adjourned at 10:14 a.m.

STATE FINANCE COMMITTEE
STATE OF WASHINGTON

Michael J. Murphy, State Treasurer & Chairman

Christine O. Gregoire, Governor & Member

Brad Owen, Lieutenant Governor & Member

Allan J. Martin
Deputy State Treasurer & Secretary